(e) if so, the details thereof; and

(f) if not, the reasons for why no action have been resorted to?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Reserve Bank of India (RBI) has reported that incidents of alleged use of coercive methods by some banks for recovery of loans in case of default has come to their notice.

(b) To protect the rights of bank customers, prevent their harassment, etc. steps taken by Government of India/Reserve Bank of India (RBI), *inter-alia*, include the following:—

(i) RBI has issued instructions/guidelines to banks on 'Managing Risks and Code of Conduct in Outsourcing of Financial Services.'

(ii) RBI has formulated the "Fair Practices Code for Lenders."

(iii) RBI has issued instructions to all commercial banks/NBFCs (excluding RRBs) regarding Credit Card Operations.

(iv) The Code of Banks' Commitments to Customers formulated by Banking Codes and Standard Board of India (BCSBI) provides, *inter-alia*, that the collection policy of the bank be built on courtesy, fair treatment and persuasion and the bank follows a security repossession policy in consonance with the law.

(v) The Indian Banks Association (IBA) has formulated a "Model Code for collection of dues and repossession of security" as also a "Fair Practice Code for credit card operations" which has been recommended to banks for adoption and implementation.

(c) Does not arise.

(d) to (f) The complaints in respect of use of musclemen and harassment of the defaulting customers are taken up by RBI with the concerned banks for appropriate action. In case of any violation of extant guidelines by a bank, appropriate regulatory action is taken by RBI.

In the Mid-Term Review of Annual Policy Statement (dated October 30, 2007), RBI has observed that in view of the rise in the number of litigations against banks for engaging recovery agents in the recent past, it is felt that the adverse publicity could result in serious reputational risk for the banking sector as a whole. RBI has urged banks to follow prescribed specific considerations while engaging recovery agents and has clarified that complaints received regarding abusive practices followed by a bank's recovery agent would invite serious supervisory disapproval. RBI would consider imposing a temporary ban (or even a permanent ban in case of persistent abusive practices) for engaging recovery agents on those banks where strictures have been passed/penalties have been imposed by a High Court/Supreme Court or against its Directors/Officers with regard to the abusive practices followed by their recovery agents.

Exchange rate mechanism

226. SHRI RAJEEV CHANDRASEKHAR: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to adopt more managed and pegged exchange rate mechanism in the interest of development of manufacturing and exporting industries; and

(b) if so, by when it is likely to be done?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) No Sir. Since 1993, exchange rates are market determined. The exchange rate policy of the Reserve Bank of India is guided by the broad principles of careful monitoring and management of exchange rates with flexibility, without a fixed or a pre-announced target or

a band, coupled with the ability to intervene as and when necessary. The overall approach to the management of India's foreign exchange reserves takes into account the changing composition of the balance of payments and 'liquidity risks' associated with different types of flows and other requirements. Excess volatility in foreign exchange markets is contained through intervention as and when necessary and followed up by sterilisation of liquidity through issuance of treasury bills/dated securities under the Market Stabilisation Scheme.

Lender liability bill

227. SHRI MAHENDRA MOHAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government are considering to bring legislation called Lender Liability Bill to fix lending terms and conditions and crack down on unfair recovery means adopted by some private banks in the country;

(b) if so, the details thereof;

(c) whether the proposed legislation would cover hidden charges levied by these banks on the lender and also crack down on banks who sit on no due certificates;

(d) what legal action Government took on the banks who resorted to recovery of loans by force using goons and extra-constitutional authority; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Government has not received any such proposal from Reserve Bank of India (RBI).

(b) and (c) Do not arise.

(d) and (e) In the Mid-Term Review of Annual Policy Statement (dated October 30, 2007), RBI has observed that in view of the rise in the number of litigations against banks for engaging recovery agents in the recent past, it is felt that the adverse publicity could result in serious reputational risk for the banking sector as a whole. RBI has urged banks to follow prescribed specific considerations while engaging recovery agents and has clarified that complaints received regarding abusive practices followed by a bank's recovery agent would invite serious supervisory disapproval. RBI would consider imposing a temporary ban (or even a permanent ban in case of persistent abusive practices) for engaging recovery agents on those banks where strictures have been passed/penalties have been imposed by a High Court/Supreme Court or against its Directors/Officers with regard to the abusive practices followed by their recovery agents.

Infrastructure development projects

228. SHRI S.S. AHLUWALIA: Will the Minister of FINANCE be pleased to state:

(a) the details of proceedings taken place, if any, towards implementation of the proposal of funding infrastructure development projects in India by borrowing a part of the foreign exchange reserve from RBI, envisaged in paragraph 97 of the Finance Minister's budget speech for 2007-08;

(b) the details about the origin of constitution of the Deepak Parikh Committee giving details of other constituents thereof;

(c) the salient details of other/alternative recommendations, if any, made by the said Committee;